

**Before the  
TENNESSEE REGULATORY AUTHORITY**

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REGULATORY DIVISION

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**In re Application of**

**2ND CENTURY COMMUNICATIONS, INC.**

**For a Certificate of Public Convenience  
And Necessity to Provide Competing**

**Local and Interexchange**

**Telecommunications Services**

**In the State of Tennessee**

**Docket No. 99-00632**

SIGNED  
EXECUTIVE SECRETARY

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**PRE-FILED TESTIMONY OF**

**MICHAEL B. REITH  
DIRECTOR  
REGULATORY AND INDUSTRY RELATIONS  
2<sup>ND</sup> CENTURY COMMUNICATIONS, INC.**

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**FILE**

**DIRECT TESTIMONY OF MICHAEL B. REITH  
ON BEHALF OF 2<sup>ND</sup> CENTURY COMMUNICATIONS, INC.**

**INTRODUCTION**

**Q. Please state your name, title and business address and telephone number for the record.**

A. My name is Michael Reith. I am the Director of Regulatory and Industry Relations for 2<sup>nd</sup> Century Communications, Inc. ("2<sup>nd</sup> Century," "Company" or "Applicant") My business address is 7702 Woodland Center Boulevard, Suite 50, Tampa, Florida 33614. My telephone number is (813)935-8866, x 1211.

**Q. Please give a brief description of your background and experience.**

A. I have thirteen (13) years regulatory experience, and a B.S. in Engineering from the University of South Florida. I was a member of the Florida Public Service Commission Telecommunications Staff for ten (10) years, and worked for Intermedia Communications as a Regulatory Analyst for two (2) years. As Director of Regulatory and Industry Services at 2<sup>nd</sup> Century, I am responsible for state and federal certification and compliance, ILEC interconnection contract negotiations, numbering issues, E911 implementation and policy issues.

**PURPOSE AND SUMMARY**

**Q. Have you provided testimony before the Tennessee Regulatory Authority ("TRA") on any other occasion?**

A. No, I have not.

**Q. On whose behalf are you testifying in this proceeding?**

A. I am testifying on behalf of 2<sup>nd</sup> Century Communications, Inc.

**Q. What is the purpose of your testimony?**

A. The purpose of my testimony is to support the Application of 2<sup>nd</sup> Century for the authority to provide facilities-based and resold local exchange telecommunications services and resold interexchange telecommunications services in the State of Tennessee by presenting evidence on the corporate authority and the financial, managerial and

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technical capabilities of 2<sup>nd</sup> Century, describing its proposed services, and discussing the benefits of 2<sup>nd</sup> Century's proposed services to members of the Tennessee business public.

**Q. Please summarize the main points of your testimony.**

**A.** My testimony will address the following key issues:

- A description of Application;
- A description of Applicant;
- A description of Applicant's financial qualifications;
- A description of Applicant's managerial qualifications;
- A description of Applicant's customer service qualifications;
- The reasons why approval of this Application is in the public interest;

**APPLICATION AND AMENDMENTS**

**Q. Are you familiar with the Application that 2<sup>nd</sup> Century filed with the TRA on August 27, 1999 for a Certificate of Public Convenience and Necessity to Provide Competing Local and Interexchange Telecommunications Services in the State of Tennessee (as supplemented on Nov. 8, 1999)?**

**A.** Yes.

**Q. Do you ratify and confirm the statements that are made in 2<sup>nd</sup> Century's application and supplement thereto?**

**A.** Yes.

**Q. Do you wish to make any changes to any statements that are made in 2<sup>nd</sup> Century's application and supplement thereto?**

**A.** Yes. First, since the filing of our initial Application, there have been several changes in our management staff. The Company's former Chief Financial Officer, Oscar Williams, is no longer with the Company. The President and Chief Executive Officer, John Prisco, is currently serving as Acting Chief Financial Officer until a permanent placement is found. Additionally, Dan Montague, the Company's former Treasurer, is no longer with

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the Company. The Controller of 2<sup>nd</sup> Century, Beverly Privette, now also serves as Treasurer of the Company. Finally, the Company recently has hired a Vice President of Information Technology and Chief Information Officer, Robert Callahan. Mr. Callahan formerly was the Vice President of Telecommunications Strategy at Sema Group, and, prior to that time, served as Director of Gateway Business System Deployment at Iridium LLC. As well, Mr. Callahan spent six (6) years at SBC Communications in various engineering and information systems positions. Mr. Callahan has nine (9) years experience in the telecommunications industry. These management changes should be reflected as amendments to ***Exhibit D*** to the Application.

**Q. Are there any other changes that you wish to make to any statements that are made in 2<sup>nd</sup> Century's application and supplement thereto?**

**A.** No.

**Q. Please describe the authority that 2<sup>nd</sup> Century seeks by its Application.**

**A.** 2<sup>nd</sup> Century seeks a certificate of public convenience and necessity to provide facilities-based and resold local exchange telecommunications services, resold interexchange telecommunications services and exchange access initially in Nashville and the surrounding communities identified in paragraph 11 of the August 27, 1999 Application, as well as in Memphis, as noted in the supplementary filing of November 8, 1999. 2<sup>nd</sup> Century plans to provide its proposed services primarily in the existing service areas of BellSouth in the Nashville area, but is requesting statewide authority in the event it decides to expand its operations in the future. 2<sup>nd</sup> Century intends to offer an integrated, bundled service offering, including basic local and long distance voice, data transmission and internet access to small and medium-sized business customers in Tennessee. 2<sup>nd</sup> Century also intends to offer switched access services in Tennessee.

**Q. Is 2nd Century authorized to do business in Tennessee?**

**A.** Yes. A copy of 2<sup>nd</sup> Century's Authorization to transact business in Tennessee is attached

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as *Exhibit B* to its Application.

**Q. Please provide a brief description of the Applicant.**

A. 2<sup>nd</sup> Century is a start-up, privately-held company organized to offer asynchronous transfer mode (“ATM”)-based integrated local and long-distance telecommunications services, together with Internet access, to small and medium-sized businesses throughout the United States. As part of its business plan, 2<sup>nd</sup> Century intends to deliver integrated voice, data, video and other applications via Data-Based Telephony (“DBT”), a system in which packets, cells or frames are used to route and transport multiple services through a single network using a single protocol. The Company will provide local exchange services both through the use of its own switching and signaling systems and through resale of underlying local exchange carriers’ services and facilities. 2<sup>nd</sup> Century will also provide interexchange services through resale of an underlying interexchange carrier’s services and facilities – most likely MCI WorldCom.

**Q. Please describe the corporate structure of the Applicant.**

A. 2<sup>nd</sup> Century was incorporated in Delaware in July of 1998. 2<sup>nd</sup> Century is a wholly-owned subsidiary of 2<sup>nd</sup> Century Communications Holdings, Inc., which is a holding company also incorporated in Delaware. 2<sup>nd</sup> Century has one subsidiary, 2<sup>nd</sup> Century Communications of Virginia, Inc., which is a company incorporated in Virginia for the purpose of providing telecommunications services within the State of Virginia.

**Q. Has the Company applied for any other telecommunications authority from this Commission?**

A. No.

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**Q. Does 2nd Century hold Certificates of Authority in other jurisdictions?**

**A.** Yes. As of this date, 2<sup>nd</sup> Century is authorized to provide local exchange services in California (10/8/99), District of Columbia (10/25/99), Florida (2/2/99), Georgia (9/7/99), Illinois (11/20/99), Indiana (11/3/99), Maryland (10/27/99), Massachusetts (6/10/99), Nevada (10/21/99), New Hampshire (6/29/99), Pennsylvania (10/15/99), Texas (8/6/99), Virginia (9/28/99) and Wisconsin (9/29/99). 2<sup>nd</sup> Century has local exchange applications pending in Minnesota, Missouri, New York, North Carolina, Oregon and Tennessee. 2<sup>nd</sup> Century also is authorized to provide interexchange services in California (10/8/99), Florida (3/25/99), Georgia (7/6/99), Illinois (10/20/99), Indiana (7/29/99), Maryland (10/27/99), Massachusetts (6/10/99), New Hampshire (6/17/99), North Carolina (9/8/99), Pennsylvania (10/15/99) and Wisconsin (9/29/99). 2<sup>nd</sup> Century has requests for interexchange authority (contained in the same application as that filed for local exchange authority) pending in Minnesota, Missouri, New York, Oregon and Tennessee.

2<sup>nd</sup> Century first became operational in the State of Florida on June 1, 1999, and, since that time, has been offering resold local exchange, interexchange and international service to a limited number of customers in that state for purposes of testing the Company's network. 2<sup>nd</sup> Century is not yet operational in any other state.

**Q. Has 2<sup>nd</sup> Century entered into an interconnection agreement with BellSouth or any other incumbent local exchange carrier in Tennessee?**

**A.** Yes. On June 15, 1999, 2<sup>nd</sup> Century signed an interconnection agreement with BellSouth. This agreement will be submitted to the TRA by BellSouth as soon as 2<sup>nd</sup> Century's CLEC application has been approved by the TRA.

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**Q. How will 2<sup>nd</sup> Century's customers contact the Company regarding trouble reports, billing errors and complaints?**

A. 2nd Century's customer service center will be staffed by fully-trained customer service representatives who will be prepared to assist its business customers with service, maintenance and billing issues. For service and maintenance issues, customers may contact 2nd Century's customer services 24 hours a day, seven (7) days a week, by calling toll-free at (888) 272-8778. For billing issues, customers may contact 2<sup>nd</sup> Century's billing services department between the hours of 9 a.m. and 5 p.m., Monday through Friday, by calling toll-free at (888) 272-8778. Alternatively, customers may communicate billing questions or concerns to 2nd Century customer service representatives in writing by sending correspondence to the attention of the Company's Director of Customer Service at 2nd Century Communications, Inc., 7702 Woodland Center Boulevard, Suite 500, Tampa, Florida 33614.

**Q. Does the Applicant have a business office in Tennessee?**

A. No, as of this date, 2<sup>nd</sup> Century has not yet established a business office in Tennessee. The Company fully intends to do so once it has become operational in Tennessee, and will begin planning for this business office in early 2000.

**Q. Does the Applicant have a Small and Minority-Owned Telecommunications Business Participation Plan in the State of Tennessee, as required by T.C.A. § 65-5-212?**

A. Yes. 2<sup>nd</sup> Century submitted a Small and Minority-Owned Telecommunications Business Participation Plan to the TRA as *Exhibit H* to its Application.

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FINANCIAL QUALIFICATIONS

**Q. Is 2nd Century financially qualified to provide the services it proposes to offer within the State of Tennessee?**

**A.** Yes. As demonstrated by *Exhibit E*, and by *Exhibits G* and *K* to its Application (which were supplemental Exhibits filed on November 8, 1999), 2<sup>nd</sup> Century has access to the financing and capital necessary to operate as a provider of facilities-based and resold local exchange, and resold interexchange telecommunications services in the State of Tennessee. As a start-up company, 2<sup>nd</sup> Century has no significant financial history, and currently is in the process of making enormous network investments, as well as securing vendors for the equipment and construction of its network. However, as the Company's audited financial statements clearly demonstrate, 2<sup>nd</sup> Century has ample capital to compete effectively in the market for competitive local exchange and interexchange telecommunications services in Tennessee. Moreover, the Company has submitted a Statement of Financial Guarantee from its holding company parent for its Tennessee operations in the amount of \$2,200,000.00. This amount of money will sufficiently cover the capital requirements that the Company anticipates requiring to construct its initial service operations in Tennessee through 2002, as evidenced by the *Three-Five Year Projected Operating Expenditures and Revenues* appended to the Application as *Exhibit G* (supplemented on November 8, 1999).

MANAGERIAL QUALIFICATIONS

**Q. Is 2nd Century managerially qualified to provide the services it proposes within the State of Tennessee?**

**A.** Yes. As demonstrated by the executive profiles of 2<sup>nd</sup> Century's management team contained in *Exhibit D* of its Application, 2<sup>nd</sup> Century is managerially qualified to

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provide the services proposed in its Application. The Company's management team includes individuals with substantive experience in successfully developing and operating start-up telecommunications businesses. This is evident by the fact that, between them, 2<sup>nd</sup> Century's corporate officers, together with its founder and board of directors member Michael Viren, have eighty-five (85) years of experience in the telecommunications industry. The majority of the members of 2<sup>nd</sup> Century's management team for many years were associated with Intermedia Communications, Inc., a highly successful facilities-based local exchange carrier. As a result, 2nd Century will be managed by persons with extensive experience in the telecommunications industry as well as substantive and in-depth knowledge of the management and operation of newly formed, facilities-based and resold local exchange telecommunications carriers specializing in the deployment of advanced services. 2<sup>nd</sup> Century also has adequate internal technical resources to support its Ohio operations, and, to this end, maintains a number of electrical engineers on its staff, including its President and CEO, John Prisco. This expertise in the telecommunications industry makes 2<sup>nd</sup> Century's management team well-qualified to construct, operate and manage 2<sup>nd</sup> Century's local exchange networks in Ohio.

**Q. Is 2nd Century technically qualified to provide the services it proposes within the State of Tennessee?**

**A.** Yes. The Company's vast experience with the deployment of advanced telecommunications networks will ensure the technical quality of its network. 2<sup>nd</sup> Century's state-of-the-art ATM network will enable 2<sup>nd</sup> Century to offer network convergence and advanced telecommunications service offerings of the highest quality to its business customers in Tennessee. To ensure that its customers receive the highest

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quality services available, as previously stated, 2<sup>nd</sup> Century will deploy DBT technology, which utilizes packets, cells or frames to transport multiple services through a single network using a single protocol. For additional information on the technology to be deployed in 2<sup>nd</sup> Century's network, please see the Fact Sheet attached to its Application as *Exhibit C*.

**Q. Briefly describe how approval of 2<sup>nd</sup> Century's Application is in the public interest.**

**A.** Approval of 2<sup>nd</sup> Century's Application is in the public interest for several reasons. First, such approval is in the public interest because, as demonstrated both in the Application and in this testimony, 2<sup>nd</sup> Century is well-qualified, financially, managerially and technologically, to serve as a competitive facilities-based and resold local exchange carrier and resold interexchange carrier in the State of Tennessee. Second, approval of 2<sup>nd</sup> Century's Application will increase competition in the market for business telecommunications services in the State of Tennessee, leading to downward pressure on prices, more innovative service offerings, and better overall service quality for Tennessee customers.

**Q. Does this conclude your testimony at this time?**

**A.** Yes, it does.

## VERIFICATION

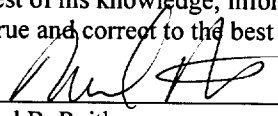
State of Florida )  
County of Hillsborough ) ss.

**Michael B. Reith**, Affiant, being duly sworn according to law, deposes and says that:

He is the **Director, Regulatory and Industry Relations** (Office of Affiant) of 2<sup>nd</sup> Century Communications, Inc.

That he is authorized to testify on behalf of said corporation;

That, he has caused the foregoing written testimony to be prepared on his behalf, that he has read the foregoing testimony and knows the contents thereof, and that, to the best of his knowledge, information, and belief, the statements and information contained in this testimony are true and correct to the best of his knowledge.

  
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Michael B. Reith,  
Director, Regulatory and Industry Relations  
2<sup>nd</sup> Century Communications, Inc.

Sworn and subscribed before me this 15<sup>th</sup> day of December, 1999



 Beth A Plante  
My Commission CC840596  
Expires May 26, 2003